

INSTRUCTIONS FOR COMPLETING BOE-100-B STATEMENT OF CHANGE IN CONTROL AND OWNERSHIP OF LEGAL ENTITIES

Filing Requirements for Legal Entities

Whenever there is a change in control (CIC) pursuant to section 64(c) of the Revenue and Taxation Code (R&TC) or a change in ownership (CIO) pursuant to R&TC section 64(d) of a legal entity, and the legal entity owned or leased interests in real property located in California as of that date, the person or legal entity acquiring ownership control or the legal entity that has undergone a CIO must file the BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities* (statement), with the Board of Equalization (BOE) within 90 days of the CIC or ownership (R&TC sections 480.1 and 480.2). In addition, any legal entity is required to file a statement with the BOE within 90 days of the date of the BOE's request, regardless of whether a change in control or ownership of the legal entity has occurred.

This statement must be filed with the State Board of Equalization, County-Assessed Properties Division (MIC:64), P.O. Box 942879, Sacramento, CA 94279-0064.

Legal Entity Information and Resources

Statements are processed by staff in the BOE's Legal Entity Ownership Program (LEOP). Further information regarding legal entities, links to relevant statutes, property tax rules, and annotated letters are available on the BOE's website at www.boe.ca.gov/proptaxes/leop.htm. In addition, the LEOP web page provides an overview of the LEOP program, definitions of terms, and access to the statement and Frequently Asked Questions (FAQs). You may also contact the LEOP staff at 1-916-274-3410.

Penalty Information

If a person or legal entity fails to file the statement timely with the BOE, as required by R&TC section 480.1 and 480.2, the penalty pursuant to R&TC section 482 is (1) 10 percent of the taxes applicable to the new base year value reflecting the CIC or CIO of the real property owned by the corporation, partnership, limited liability company, or legal entity, or (2) 10 percent of the current year's taxes on that property, if no CIC or CIO occurred.

Definitions

- **Change in Control**—R&TC section 64(c)—A change in control occurs when any person or legal entity obtains more than 50 percent of the ownership interest in a legal entity; control may be obtained directly or indirectly. If a legal entity has undergone a CIC, *all* interests in real property located in California and held by the acquired legal entity (or any legal entity[ies] under its ownership control) as of the date of the CIC is subject to reassessment.

For purposes of determining whether a legal entity has undergone a CIC, the acquisition of ownership interest is considered. In the case of corporations, an ownership interest is represented by voting stock. In the case of partnerships or limited liability companies, an ownership interest is represented by the total interest in capital *and* profits.

- **Change in Ownership**—R&TC section 64(d)—A change in ownership occurs when cumulatively more than 50 percent of the original co-owners' interests in the legal entity is transferred; original co-owner status is created when a transfer of property is excluded from reassessment under R&TC section 62(a)(2) in a prior transaction. If a legal entity has undergone a CIO, then only the interest in real property that was previously excluded from reassessment under R&TC section 62(a)(2) is subject to reassessment as of the date of the CIO. If, however, a legal entity has also undergone a CIC under R&TC section 64(c) and there has been a transfer of cumulatively more than 50 percent of the original co-owners' interests, then *all* interests in real property located in California and owned by the legal entity (or any legal entity[ies] under its ownership control) as of the date of the CIC is subject to reassessment.
- **Interests in Real Property**—For CIC and CIO purposes, interests in real property includes any of the following:
 1. Land, improvements (that is, buildings and structures), or fixtures OWNED;
 2. Land, improvements (that is, buildings and structures), or fixtures HELD UNDER LEASE from a private owner if the remaining term of the lease, including written renewal options, exceeds 35 years;
 3. Land, improvements (that is, buildings and structures), or fixtures HELD UNDER LEASE from a public owner (that is, any agency of local, state, or federal government) for any term; or
 4. Mineral rights, including working interest in oil, gas, and geothermal steam-producing properties owned or held on lease for any term, whether in production or not.

Note: It does not include personal property owned, such as personal computers or office equipment.

CERTIFICATION PAGE

Name and Address of Legal Entity: Provide the name and address of the legal entity filing the statement.

Legal Entity Identification Number: For domestic and foreign (out of state or country) corporations and limited liability companies, provide the identification number assigned by the California Secretary of State; for partnerships, provide the Employer Identification Number (EIN).

Question 1:

Provide the year in which the filing legal entity (or any legal entity under its ownership control) acquired ownership control (more than 50 percent interest) of any other legal entity. In the case of corporations, an ownership interest is represented by voting stock. In the case of partnerships or limited liability companies, an ownership interest is represented by the total interest in capital *and* profits. If the BOE sent a written request to file a BOE-100-B, the preprinted year represents the period for which information is being sought.

Both parts of question 1 must be answered.

- 1a. Indicate if the filing legal entity (or any legal entity[ies] under its ownership control) acquired more than 50 percent of the ownership interest in any other legal entity(ies) since the indicated date.
- 1b. Indicate if the acquired legal entity(ies) (or any legal entity[ies] under its ownership control) held an interest in California real property, as of the date of acquisition.

EXAMPLE

Facts of transaction:

- ABC Corporation holds 48 percent of the voting stock in XYZ Corporation.
- On February 20, 2022, ABC Corporation acquired an additional 3 percent of XYZ's voting stock (for a total of 51 percent).
- As of February 20, 2022, XYZ Corporation held an ownership interest in vacant land located in California.

Under these facts, both parts of question 1 should be answered "yes," since both conditions have been met: (1) ABC Corporation acquired more than 50 percent of the ownership interest in another legal entity (XYZ Corporation) and (2) the acquired legal entity (XYZ Corporation) held an ownership interest in real property (vacant land) in California as of the date of acquisition (February 20, 2022).

Question 2:

Provide the year in which a person or legal entity acquired ownership control (more than 50 percent interest) in the filing legal entity (or any legal entity under its ownership control). If the BOE sent a written request to file a BOE-100-B, the preprinted year represents the period for which information is being sought.

Both parts of question 2 must be answered.

- 2a. Indicate if a person or a legal entity obtained more than 50 percent of the ownership interest in the filing legal entity (or any legal entity[ies] under its ownership control) since the indicated date.
- 2b. Indicate if the acquired (filing) legal entity(ies) (or any legal entity[ies] under its ownership control) held an interest in California real property as of the date of acquisition.

EXAMPLE

Facts of transaction:

- The BOE sent BOE-100-B to Partnership B regarding events occurring since January 1, 2022.
- As of January 5, 2022, Partnership A held no interest in Partnership B, which owned a single-family residence in California.
- On January 20, 2022, Partnership A acquired a 51 percent interest in the capital and profits of Partnership B.

Under these facts, both parts of question 2 should be answered "yes," since both conditions have been met: (1) Partnership A acquired more than 50 percent of the ownership interest in Partnership B and (2) the acquired legal entity (Partnership B) held an ownership interest in real property (single-family residence) in California as of the date of acquisition (January 20, 2022).

Question 3:**Both parts of question 3 must be answered.**

- 3a. Since March 1, 1975, an interest in real property has been transferred to the filing legal entity in a transaction that was excluded from reassessment pursuant to R&TC section 62(a)(2); and
- **Revenue and Taxation Code Section 62(a)(2)**
Under this provision, a transfer of real property to a legal entity does not result in a reassessment if the transfer results in merely a change in the method of holding title and the proportional ownership interests in the real property are exactly the same before and after the transfer.
- 3b. After such transfer, the original co-owners have cumulatively transferred in one or more transactions more than 50 percent of their interests in the filing legal entity.
- **Original Co-Owners**
After a transfer of real property that qualifies for exclusion from reassessment under R&TC section 62(a)(2), the person(s) or legal entity(ies) holding ownership interests in the legal entity immediately after the transfer are considered “original co-owners” for purposes of tracking subsequent transfers of the interests held by them. When such transfers cumulatively exceed 50 percent, the real property previously excluded from reassessment under R&TC section 62(a)(2) is deemed to undergo a CIO, and therefore is subject to reassessment under R&TC section 64(d).

EXAMPLE:

A transfer of real property from equal co-tenants A, B, and C to XYZ Corporation, where after the transfer A, B, and C each hold $33 \frac{1}{3}$ percent of the voting shares of XYZ Corporation, is deemed to be merely a change in the method of holding title, and therefore, does not result in a reassessment of the real property transferred. Hence, question 3a would be answered “yes.”

After the transfer described above, A, B, and C are deemed to be “original co-owners” for purposes of tracking subsequent transfers by them of their newly obtained interests in XYZ Corporation. If A, B, or C subsequently transfer more than 50 percent of their interests *in one or more* transactions, the real property previously excluded from reassessment under R&TC section 62(a)(2) will be subject to reassessment on the date of the transaction that caused the 50 percent threshold to be exceeded. Hence, question 3b would be answered “yes.”

Certification

Complete the certification by signing the statement. Include the title of the person certifying, email address, telephone number, and the date signed.

Note: An unsigned, electronic, or faxed statement is not considered complete and you may be subject to penalty.

SCHEDULE A

1. Complete one Schedule A for each legal entity acquired and for every legal entity under its ownership control.
2. Identify only the legal entity(ies) that hold an interest in California real property as of the date of the CIC.
3. If a combined California Franchise Tax Board income tax return is filed, provide the name(s) of the legal entity(ies) filing in that unitary group.

Item 1a: Provide the requested information pertaining to the acquired legal entity and any entity under its ownership control. Include the legal entity identification number for each entity involved in the transfer.

Item 1b: Provide the requested information pertaining to the acquiring person or legal entity.

Item 2a: Provide the date ownership control was obtained (for example, date of acquisition).

Item 2b: Provide a description of the transaction.

Item 2c: Provide the name of the entity or subsidiary, the identification number, and a description of the relationship for all indirectly acquired entities.

Item 3: Provide the name of the person or legal entity and the percentage interest held by each before and after the date of acquisition in the acquired legal entity.

Note: If the interest in the legal entity is held by a trust, indicate whether the trust is revocable or irrevocable, identify the beneficiaries of the trust, and identify the beneficiaries’ percentage of interests held in the trust.

Item 4 (a-c): Indicate whether the transfer of ownership interests involved the identified situation or type of transfer. Certain transfers of ownership interest in an entity do not result in the reassessment of the real property held by the entity that has undergone a CIC under R&TC 64(c). The following are examples of transfers that pertain to item 4a, 4b, and 4c, which are not reassessable events.

a. *Interspousal and Registered Domestic Partner exclusions*—refer to R&TC sections 63 and 62(p).

EXAMPLE: John Smith and Francis Smith (spouses) own 100 percent of the voting stock of Smith Corporation. John transfers all of his voting stock in the corporation to Francis, so she now owns 100 percent interest in the corporation. Transfer is excluded under R&TC section 63.

Note: The example above also applies to domestic partners registered with the California Secretary of State. Transfer is excluded under R&TC section 62(p).

b. *Proportional Ownership Interest Transfer exclusion*—refer to R&TC section 62(a)(2) and Rule 462.180(d)(4).

EXAMPLE: Individuals A and B transfer their respective interests in A&B Corporation (50 percent/50 percent) to A&B, LLC held equally by individuals A and B. Transfer is excluded under R&TC section 62(a)(2) since ownership interests remained proportionate. *Note:* Individuals A and B become “original co-owners” in A&B, LLC.

c. *Affiliated Group exclusion*—refer to R&TC section 64(b) and Rule 462.180(b).

EXAMPLE: Corporation A owns 100 percent of the voting stock in Corporation B and Corporation C. The voting stock in Corporation D, which owns the real property, is held equally by Corporation B and Corporation C.

If Corporation B merged into Corporation C, Corporation D experiences a CIC, but the transaction would be excluded from reassessment since all the corporations are a part of an affiliated group under the control of Corporation A.

Further information on the above exclusions is available on our website and in Assessors’ Handbook Section 401, *Change in Ownership*, (Chapter 6), at www.boe.ca.gov/proptaxes/pdf/ah401.pdf.

Documentation Required for 4b and 4c: Submit organizational charts that show the ownership interests in the entity before and after the date it underwent a CIC or CIO. If an indirect change has occurred, identify all entities involved.

Item 5—Real Property Schedule (Table a): Identify the interest in real property (refer back to page 1 of the instructions for the definition of interest in real property) in California owned or leased by the acquired legal entity (or any legal entity[ies] under its ownership control) as of the date of the CIC.

SCHEDULE B

Item 1: Provide the date(s) of transfer(s) and a description of the transaction in which the real property(ies) was transferred to the filing legal entity that was previously excluded from reassessment under R&TC section 62(a)(2), which created the original co-owner status.

Item 2: Real Property Schedule (Table a): Identify the interest in real property (refer back to page 1 of the instructions for the definition of interests in real property) in California owned (Table a) by the legal entity that was previously excluded from reassessment pursuant to R&TC section 62(a)(2).

Item 3a: Provide a description of the transfer(s) that cumulatively resulted in a transfer of more than 50 percent of the original co-owners’ interests in the filing legal entity, since the date original co-owner status was created. Refer back to question 3 of the instructions for an example.

Item 3b: Provide the date(s) the original co-owner(s) transferred interest in the legal entity, name of the original co-owner(s), percentage interest transferred by the original co-owner(s), name of the current owner(s), and the percentage interest held by the current owner(s). A current owner is a party that holds an ownership interest in the legal entity *after* the date of the last transfer. If any interests are held by a trust, indicate if the trust is revocable or irrevocable, identify each beneficiary, and identify each beneficiary’s percentage of beneficial ownership interests held in the trust.

Item 4 (a-b): Indicate whether the transfer of ownership interests involved the identified situation or type of transfer. Certain transfers of ownership interest in an entity do not result in the reassessment of the real property held by the entity that has undergone a CIO under R&TC section 64(d). Refer back to Item 4 of Schedule A for examples of transfers that pertain to Item 4a and 4b, which are not reassessable events.